

## **FISCAL NOTE**

### **SB 1950 - HB 1875**

March 31, 2005

**SUMMARY OF BILL:** Limits the amount and type of damages the state may recover should a contractor breach its contract with the state. Reduces from six years to one year the time the state may bring a breach of contract action against a contractor.

#### **ESTIMATED FISCAL IMPACT:**

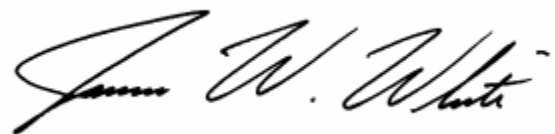
##### **Increase State Expenditures – Net Impact - Exceeds \$1,000,000**

###### Assumptions:

- Enactment of this bill limits the total liability of contractors to no more than the price paid by the state for the particular product(s) sold under the contract.
- The state would not have the right to recover damages for loss of use, loss of time, inconvenience, commercial loss, lost profits, or lost savings.
- Remedies for the state would be limited to either (1) a refund of the price paid by the state, (2) replacement product(s), or (3) contractor repairs product(s) sold to state.
- Current law allows six years for any entity (public or private) to bring breach of contract action against a contractor. This bill reduces this amount of time to one year for the state.
- Fiscal impact of this bill is dependent upon the extent less contractor liability results in increased competition and lower prices for products and any offsetting losses resulting from the state not being able to recover all amounts and types of damages incurred.
- State expenditures are estimated to increase by a net amount exceeding \$1.0 million per year.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director